

## **PRESCRIPTION DRUG PROGRAM OVERVIEW**

### **Background & History**

In November 1999, Indiana joined various other states in signing a Master Settlement Agreement, wherein the states resolved a lawsuit against several tobacco companies. Each year, the tobacco companies will make payments to the various states based on a number of adjustments for inflation and volume of tobacco sales.

The issue of prescription drugs has become an important and costly aspect of health care over the last several years. There has yet to be a national action that will create a Medicare prescription drug benefit. Many states, including Indiana, have implemented or are currently developing, prescription drug assistance programs to help older and disabled citizens with the cost of prescription drugs. Some states have set aside some of their Tobacco Settlement Fund to implement pharmacy assistance programs, designed to alleviate the burden of the high cost of prescription drugs.

Trends indicate that prescription drugs are rapidly increasing, therefore, making it difficult for seniors to pay for life-saving prescriptions. The actuarial report estimates that more than 99,000 low-income seniors in the state may qualify for the HoosierRx program based on their income. Therefore, without programs like HoosierRx, or a federal drug program, the elderly population in this country will continue to struggle with the high costs of prescription medication.

### **State-Specific: Indiana**

The Indiana Prescription Drug Program, called HoosierRx, was created by State statute IC 12-10-16-3 during the 2000 Legislative session. Legislation appropriated \$20 million from the Tobacco Settlement Fund for FY 2001, to implement and administer the Prescription Drug Program. In FY 2002, an additional \$10 million was appropriated. In FY 2003, there is \$20 million appropriated, which is administered by the State Budget Agency.

The Indiana Prescription Drug Advisory Committee was established to provide suggestions and ideas for the implementation and development of the HoosierRx program. Each member's term expired December 31, 2001. A 2002 legislative bill extended the expiration date of the Committee members to December 31, 2005. The Committee is expected to make prescription drug program design recommendations to the Governor, by September 2004.

### **HoosierRx Growth and Development**

There were two phases planned for HoosierRx: Phase I, which is the refund program, and Phase II, which is the point-of-sale program.

## Phase I

HoosierRx became operational on October 1, 2000. The program assists qualifying senior citizens with a refund for a portion of their prescription drug expenses. HoosierRx is not an insurance program. Participants must purchase their prescriptions and submit a claim for a refund, on a quarterly basis. The amount of the refund is determined on a sliding scale, based on income and which prescription drugs were purchased. Legend drugs (prescriptions) covered are the same as those covered under the traditional Medicaid drug benefit. The only non-legend drug (over-the-counter drug) covered is insulin.

Phase I currently operates as a 50 percent refund for drugs purchased every three months. The first cycle of HoosierRx refund checks were issued in March 2001, for the first operational quarter of Oct. 1 to Dec. 31, 2000. Refunds are paid by quarter, or every three months, throughout the duration of Phase I.

In order to receive a quarterly refund for prescriptions purchased during Phase I of the program, the senior must complete a HoosierRx application and send it to the HoosierRx office. The application is reviewed by the HoosierRx staff and the senior will receive notice of their HoosierRx eligibility. If the senior is eligible, he/she will receive four refund certificates to submit with a prescription printout of drugs they purchased, by quarter, in order to get their quarterly refund check. Each prescription printout must include the enrollee's name, dates and name of drug purchased, including the National Drug Code (NDC) and price the enrollee paid for each drug. Once it is determined that the prescription drugs are covered, and the individual is eligible for a refund, the enrollee is reimbursed for half of the out-of-pocket expense, up to the individual's yearly limit.

### HoosierRx Eligibility Guidelines

To be eligible for HoosierRx, a person must:

- Be 65 years or older
- Be an Indiana resident for at least 90 days in the past 12 months
- Not have any prescription drug coverage through any insurance plan or through Medicaid or Medicaid with a spend-down. (HoosierRx does not consider prescription discount cards as insurance.)
- Fall within the monthly income amounts in the chart below.

Individual	Couple/Family	Refund amount could be:
\$997 or less	\$1,344 or less	50% of prescription costs – up to \$500 a year
\$886 or less	\$1,194 or less	50% of prescription costs – up to \$750 a year
\$739 or less	\$995 or less	50% of prescription costs – up to \$1,000 a year

*\* Income guidelines change each year, according to the federal poverty level. The new figures are usually effective by April 1 of each year.*

*\* HoosierRx counts the “net” monthly income received of the individual(s) applying. “Net” income includes the amount of the Social Security check after the Medicare premiums and taxes are taken out.*

## **Participation**

Since the inception of the HoosierRx program, in October 2000, through June 2002, there were 21,868 applications processed for consideration in the program. Of the 21,868 applications that were processed, 16,359 seniors were eligible for benefits under the HoosierRx program. The average number of enrollees utilizing the pharmacy benefits of the program, as of June 2002, was 13,982, resulting in 85.47% utilization. The remaining 2,377 enrollees, which represents 14.53% of those enrolled, were not utilizing the benefits. Of the total number of applications processed, the number of females enrolled was 12,881, resulting in 78.74% of the member population. The number of males enrolled was 3,478, accounting for the other 21.26% of the total enrolled.

Included in this report is a spreadsheet detailing the member enrollment by county. It shows that membership is dispersed throughout all of Indiana's 92 counties. The top ten counties are Marion, Lake, St Joseph, Vanderburgh, Allen, Elkhart, Wayne, Delaware, LaPorte and Madison. This result is to be expected, since they are the most populated counties in the state.

**Claims Statistics.** HoosierRx began paying claims in March 2001. About \$7,448,601 was paid out between March 2001 through the end of June 2002. The total number of paid claims during this period was 49,324. The average quarterly payment to enrollees was \$151.01.

This report represents the first phase of the HoosierRx program, from October 2000 to June 30, 2002.

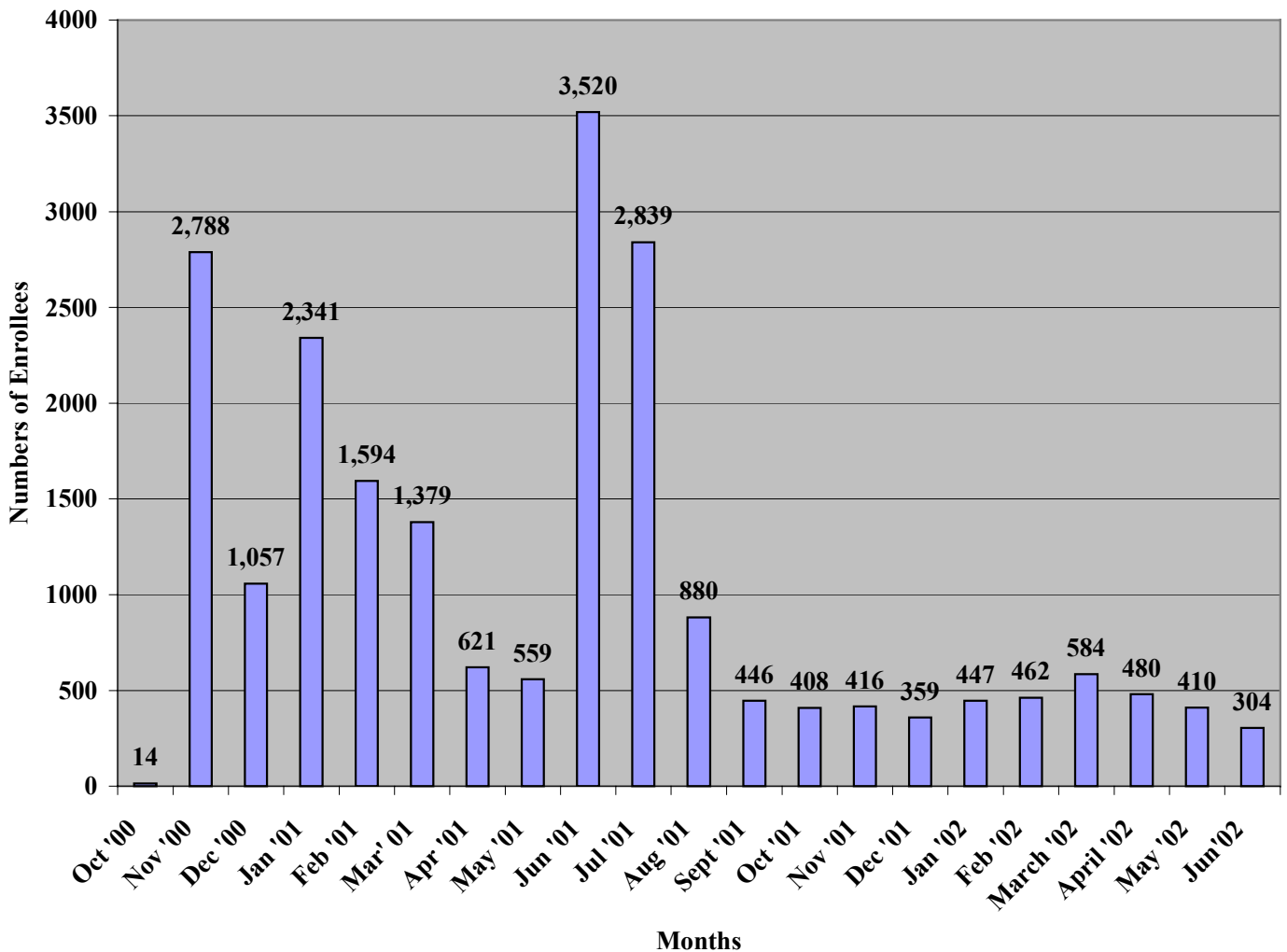
## **Phase II**

Phase II began in the summer of 2002. The Indiana Prescription Drug Advisory Committee made recommendations during their tenure that Phase II be a point-of-sale benefit for the senior. As long as funding is available, the enrollee will pay a lower price or a co-payment at the pharmacy, rather than sending in for a refund check. Enrollees are issued a HoosierRx card, which they present at the pharmacy for their point-of-sale benefit.

HoosierRx estimates an increase in participation in Phase II, since enrollees can receive their benefits while at the pharmacy through the point-of-sale benefit, as opposed to sending in their refund certificates and waiting to receive a refund.

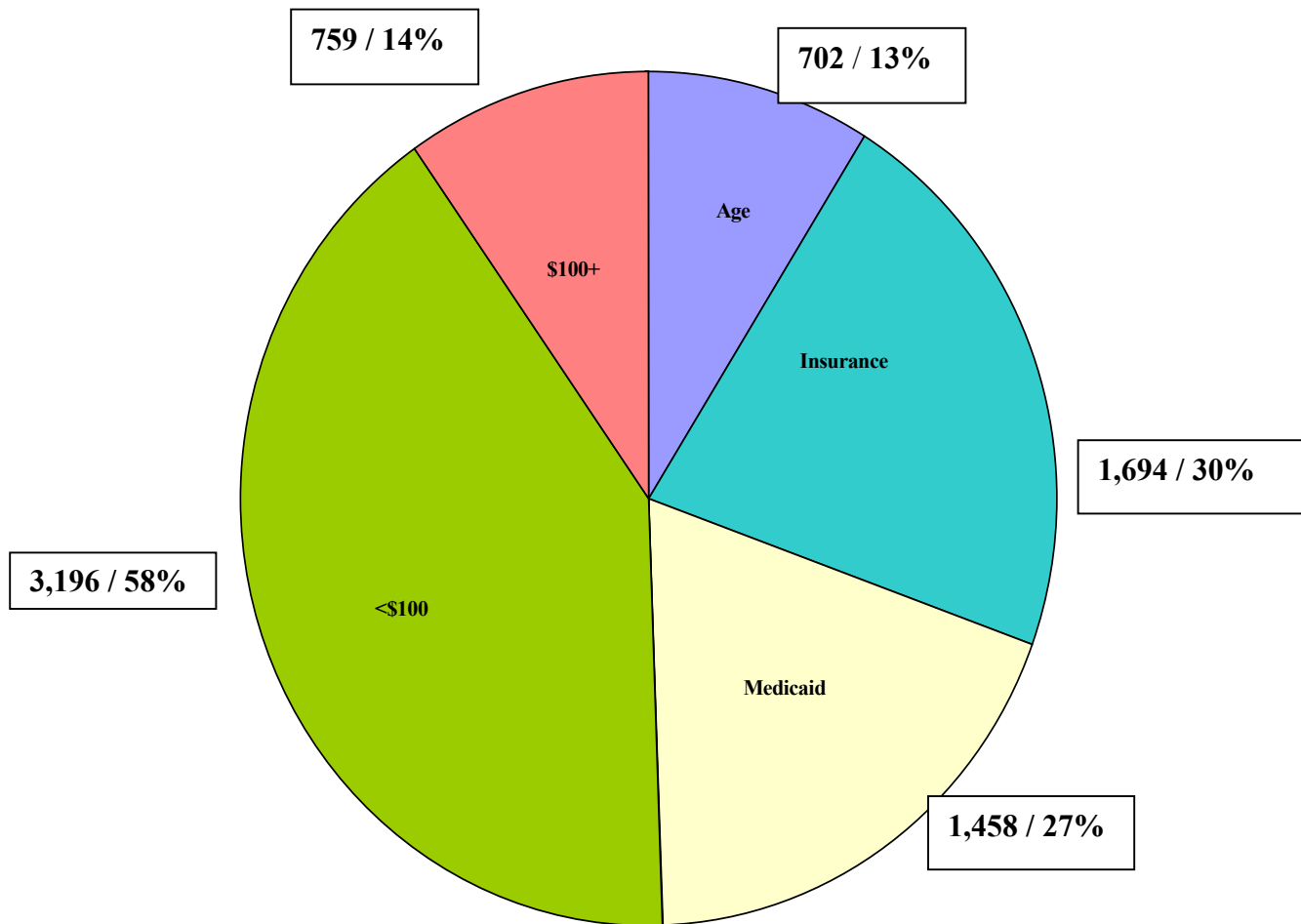
As of July 1, 2002 the program established and implemented the point-of-sale benefit. Some enrollees started receiving their benefits upfront at the pharmacy on August 1, 2002. The refund program is expected to be completed by September 30, 2002. By October 1, 2002, all program enrollees will have received their cards and be able to receive their benefits at the point-of-sale.

### Applications Processed October '00 - June '02



- Because of the initial outreach in October 2000, HoosierRx processed 2,788 applications in Nov '00, and 2,341, in Jan. '01.
- In May 2001, HoosierRx conducted a mass mailing to all Medicare beneficiaries in the State of Indiana. Consequently, HoosierRx processed 6,359 applications in the months of June and July of 2001. Outreach and educational programs have been key to enrolling more seniors, who had little or no knowledge of the program and how it operates.
- Further education initiatives have not resulted in an increase in enrollment as had prior efforts.

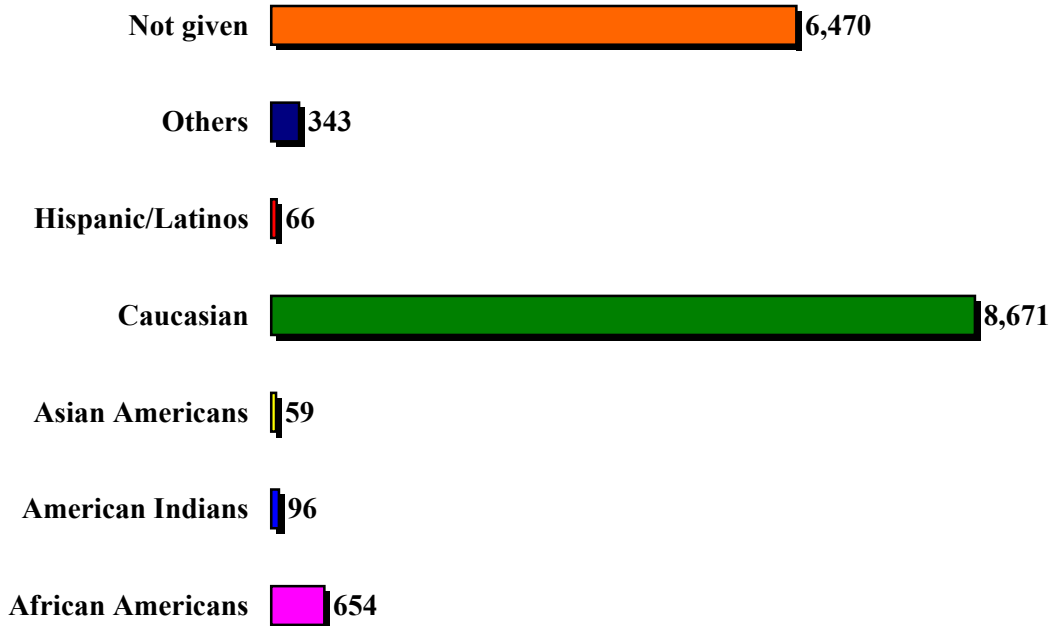
**Eligibility Denials  
October '00 - June '02**



- 21,868 applications were processed from October 2000 to June 2002. Of the total applications processed, 5,509 were denied. This represents 25.19% of the total applications processed.
- Of the 5,509 applications denied, 3,196 applications were denied because net monthly income was within a \$100 over the income requirement of the program. This represents 58% of the total applications denied.
- 1,694 applications were denied because they had access to prescription drug insurance coverage. This represents 30% of total applications denied.
- 1,458 applications were denied because they were on Medicaid. This represents 27% of total applications denied.
- 759 applications were denied because their net monthly income was at least \$100 over the income requirement of the program. This represents 14% of total applications denied.
- 702 applications were denied because they were under age 65. This represents 13% of the total applications denied.
- 2 applications were denied because of their non-resident status.

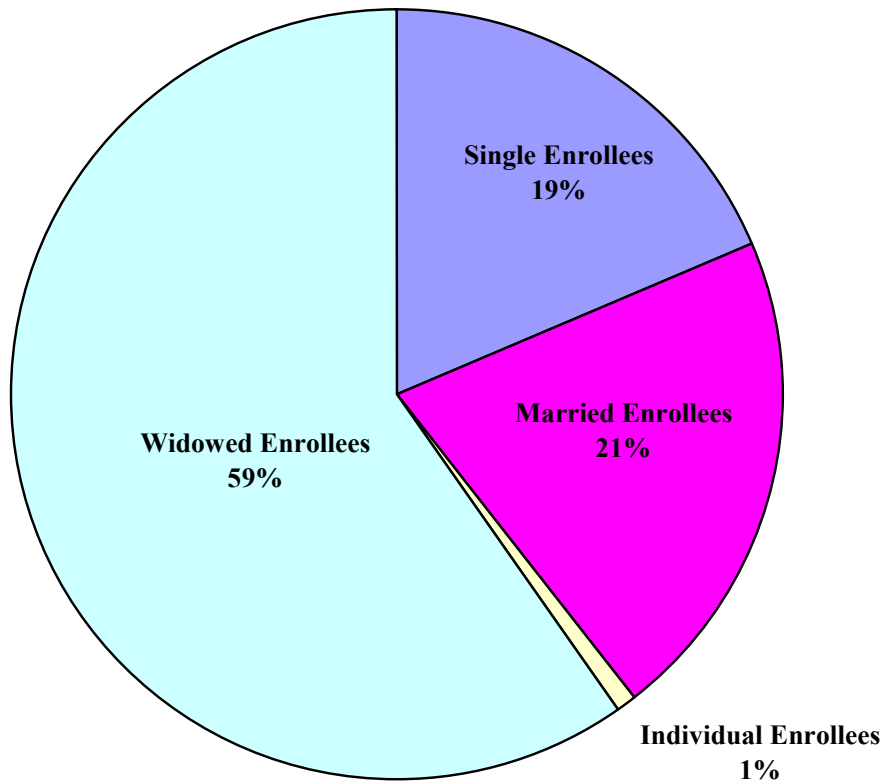
***Note: An individual can be denied for more than one reason, so the above percentages & totals may overlap.***

**Race**  
**October '00 - June '02**



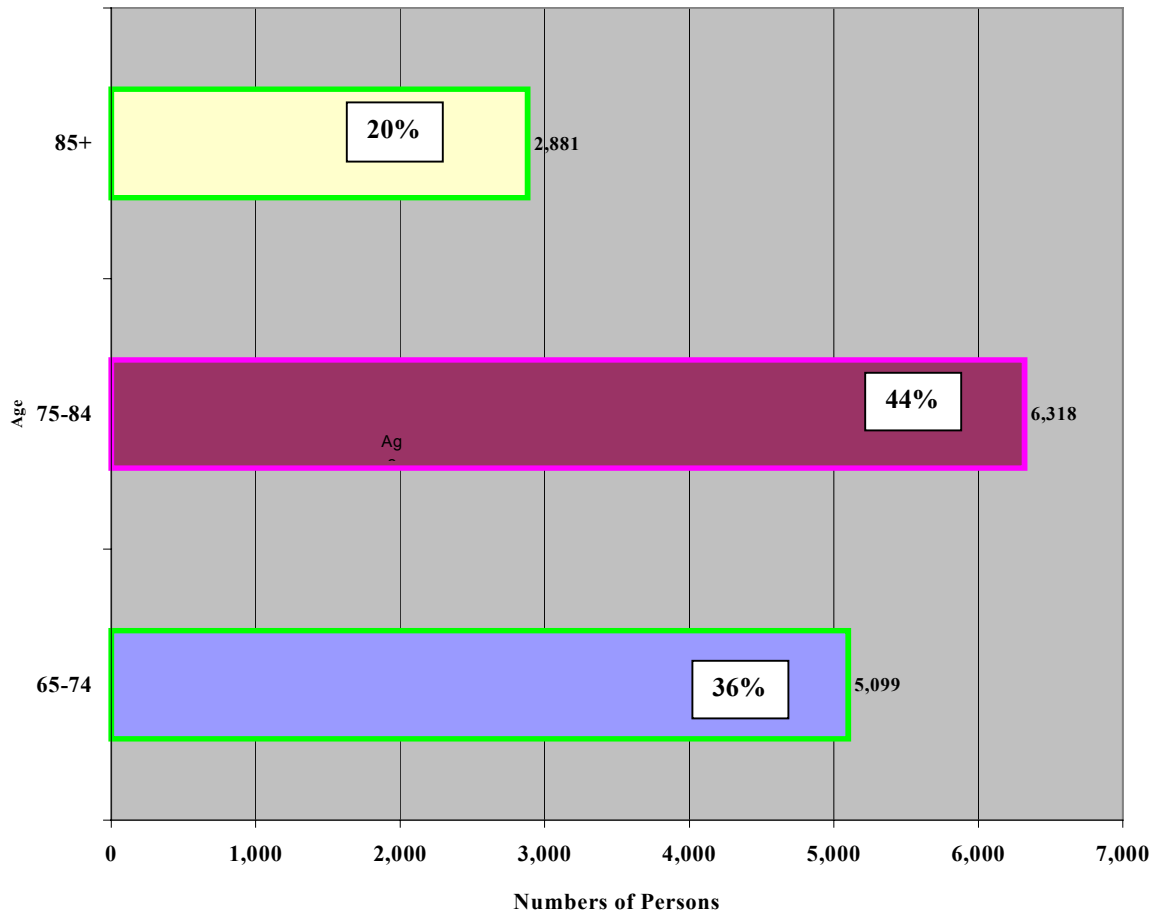
- Of the 16,359 seniors enrolled from October 2000 through June 2002, 8,671 were Caucasians. This group had the highest representation.
- 6,470 of those enrolled did not indicate a race on their applications. This group was the second largest.
- African Americans were the third highest group enrolled in the program. They totaled 654.
- 96 American Indians were enrolled during the period.
- 66 of those enrolled were Hispanics/Latinos.
- 59 Asian Americans were enrolled.
- The percentage of all the other races enrolled in the program was about 5.4%, compared to Caucasians, who represent about 53% of total enrollment. Reason for low enrollment may be that these groups were not aware of the program. With more outreach and educational programs about HoosierRx, we may see an increase in the enrollment of the variety of races. As well, these groups may also be included in the "not given" group.

**Marital Status**  
**October '00 - June '02**



- Of the 16,359 seniors enrolled in the program, 9,773 enrolled as widowed.
- Of the 3,525 seniors that enrolled as married, 3,395 enrolled as couples living together, while the remaining 130 enrolled as individuals. They may have enrolled as individuals either because their spouses lived in nursing homes, had access to prescription drug coverage or were under age 65.
- 3,061 of the total number of seniors enrolled as singles.

### Enrollee Age Distribution October '00 - June '02

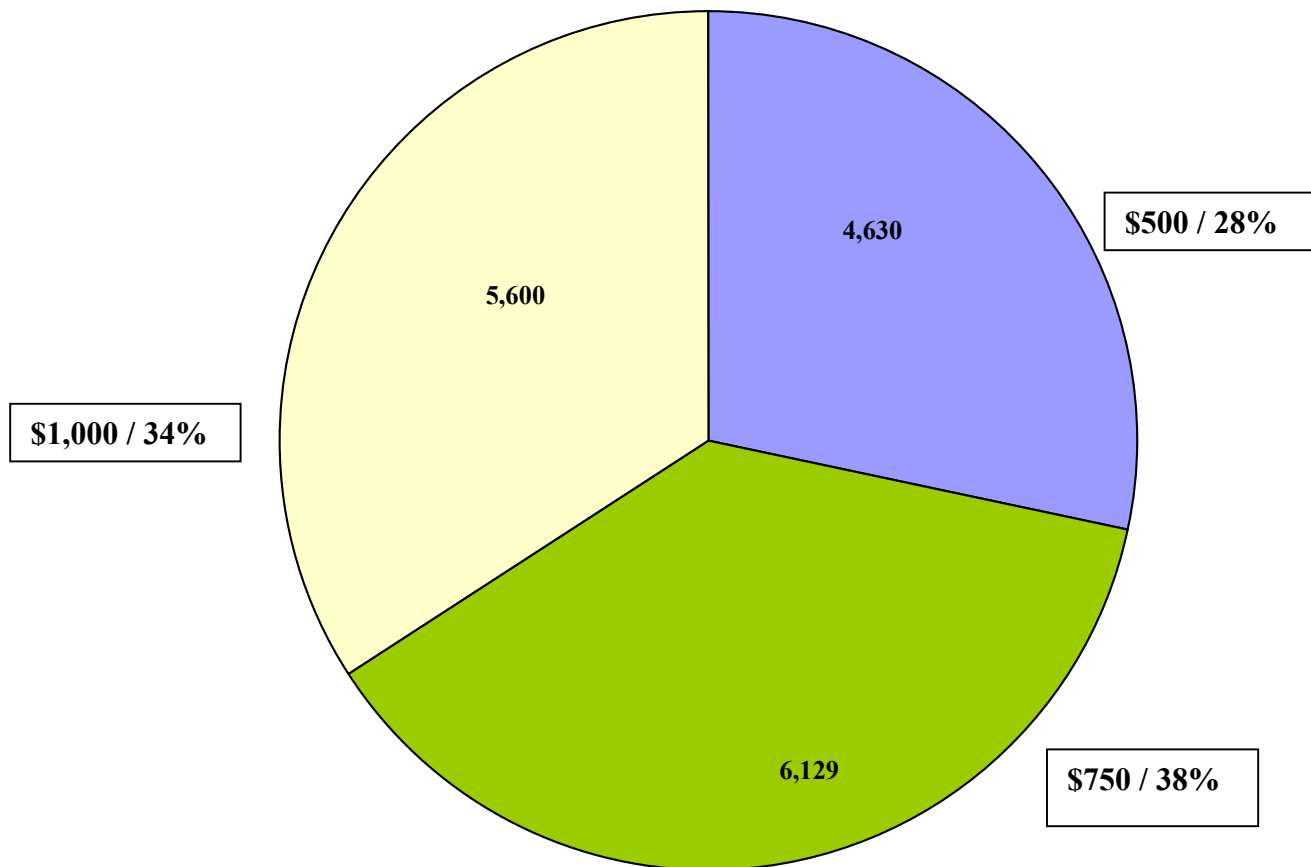


- 6,318 enrollees fell within the ages of 75-84. This group represents 44% of those enrolled in the program.
- 5,099 of those enrolled fell within the ages of 65-74. This group represents 36% of those enrolled in the program.
- 2,881 of those enrolled fell within ages 85+. This group represents 20% of those enrolled in the program.

***\* Total enrollment during this period was 14,298 as some seniors reapplied and were determined to be ineligible for the program or some seniors were deceased. Average age of those enrolled was 78.3.***

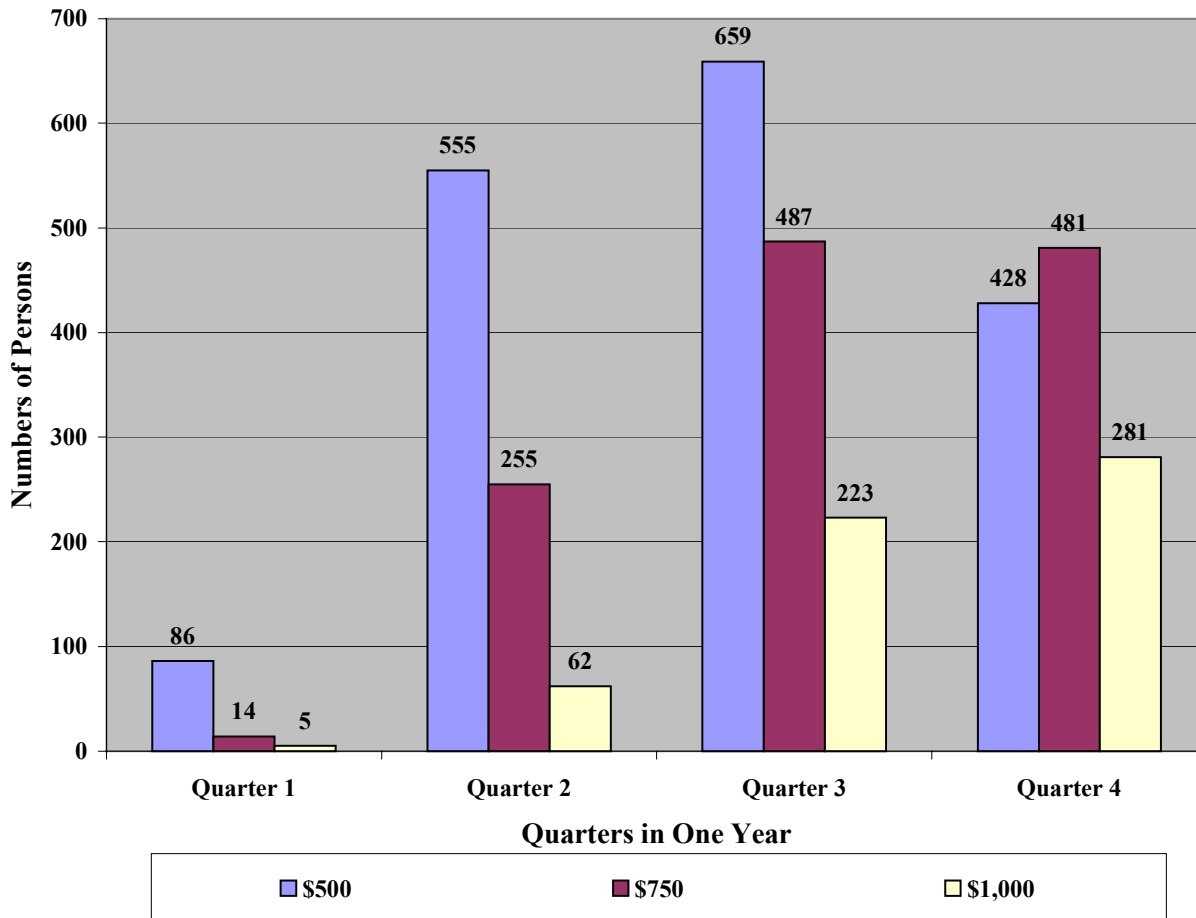


**Enrollee Benefit Limit Distribution  
October '00 - June '02**



- 5,600 of those enrolled in the program received an annual limit of \$1,000 each. These seniors received a monthly net income of \$739 or less, if they enrolled as individuals, and \$995 or less, if they enrolled as couples. This group represents 34.23% of the program enrollees.
- 6,129 of those enrolled in the program received an annual limit of \$750 each. They received a monthly net income of \$886 or less, if they enrolled as individuals, and \$1,194 or less, if they enrolled as couples. This group represents 37.47% of the program enrollees.
- 4,630 of those enrolled in the program received an annual limit of \$500 each. They received a monthly net income of \$997 or less, if they enrolled as individuals, and \$1,344 or less, if they enrolled as couples. They represent 28.30% of those enrolled in the program

### Exhausted Benefit October '00 - June '02



- The purple bar shows that of the 4,630 eligible to receive an annual limit of \$500 each, 86 of them used up the entire \$500 limit in the 1<sup>st</sup> quarter. Although they still had three quarters left in the program, they were not able to receive any more refund checks for the year. 555 of the 4,630 seniors met their annual limit in their 2<sup>nd</sup> quarter, while 659 of the 4,630 seniors met their annual limit in the 3<sup>rd</sup> quarter. 428 seniors met their annual limit in their 4<sup>th</sup> quarter. The total number of those that met their annual benefit limit is 1,728, which is 37.34% of seniors in this category.
- The pink bar shows 14 of the 6,129 seniors eligible to receive an annual limit of \$750 used up the entire \$750 limit in the 1<sup>st</sup> quarter. 255 in this group used up their entire annual limit in the 2<sup>nd</sup> quarter, while 487 seniors met their annual limit in the 3<sup>rd</sup> quarter and 481 seniors met their annual limit in the 4<sup>th</sup> quarter. A total of 1,241 seniors met their annual limit, which represents 20.25% of seniors in this category.
- The yellow bar shows that only 5 of the 5,600 seniors eligible for an annual limit of \$1,000 each used up the entire \$1,000 limit in the 1<sup>st</sup> quarter. In the 2<sup>nd</sup> quarter, only 62 seniors in this group met their limit, while 223 seniors met their limit in the 3<sup>rd</sup> quarter. 281 seniors met their limit in the 4<sup>th</sup> quarter. Total number of seniors that exhausted their annual benefit limit in this group is 572. This represents 10.21% of seniors in this category.

**HoosierRx Enrollment & Number of Payments by County**  
**October 2000 - June 2002**

County	Enrollees	# of Payments
Adams	72	190
Allen	604	1,772
Bartholomew	201	628
Benton	38	119
Blackford	59	164
Boone	90	274
Brown	41	102
Carroll	59	169
Cass	115	336
Clark	289	828
Clay	118	400
Clinton	139	469
Crawford	86	276
Daviess	158	493
DeKalb	103	331
Dearborn	145	426
Decatur	89	277
Delaware	358	1,050
Dubois	218	705
Elkhart	469	1,468
Fayette	75	245
Floyd	196	583
Fountain	71	214
Franklin	50	140
Fulton	116	345
Gibson	158	508
Grant	222	708
Greene	146	458
Hamilton	129	375
Hancock	81	223
Harrison	195	669
Hendricks	150	454
Henry	155	465
Howard	176	509
Huntington	184	588
Jackson	247	763
Jasper	104	320
Jay	111	400
Jefferson	136	407
Jennings	90	292
Johnson	223	702
Knox	210	724
Kosciusko	150	436
LaPorte	349	1,111
LaGrange	70	232
Lake	1,136	3,256
Lawrence	236	755
Madison	337	1,079
Marion	1,250	3,178
Marshall	144	466

County	Enrollees	# of Payments
Martin	59	202
Miami	133	371
Monroe	230	715
Montgomery	79	232
Morgan	184	601
Newton	64	197
Noble	133	405
Ohio	22	76
Orange	162	503
Owen	71	250
Parke	51	150
Perry	96	277
Pike	58	197
Porter	317	1,037
Posey	68	221
Pulaski	83	229
Putnam	115	361
Randolph	136	407
Ripley	151	520
Rush	59	175
Scott	152	502
Shelby	132	429
Spencer	93	280
St Joseph	708	2,088
Starke	89	244
Steuben	105	325
Sullivan	73	228
Switzerland	24	49
Tippecanoe	179	485
Tipton	58	191
Union	36	117
Vanderburgh	646	1,882
Vermillion	73	185
Vigo	235	704
Wabash	122	343
Warren	16	41
Warrick	145	397
Washington	174	557
Wayne	386	1,131
Wells	82	261
White	88	246
Whitley	113	371
Other	11	60

Enrollment covers all of Indiana's 92 counties. The total number of enrollees during this period was 16,359. The program made a total of 49,324 payments to enrollees, on quarterly refund claims.